Attach to your California tax return.

Name(s) as shown on your California tax return

☐ SSN or ITIN ☐ Corporation no. ☐ FEIN

Secretary of State (SOS) file number

Part I   Wildlife Conservation Board (WCB) Qualified Contribution

Donor's name as shown on certificate	Type of donated property	Date donation was accepted	Fair market value

Project name	WCB ID#

Part II   Credit Computation

1	Fair market value from Part I	**1**	00
2	Multiply the amount on line 1 by 55% (.55)	**2**	00
3	Pass-through natural heritage preservation credit(s) from Schedule K-1 (100S, 541, 565, or 568)	**3**	00
4	Total current year natural heritage preservation credit. Add line 2 and line 3.	**4**	00
5	Credit carryover from 2007. See instructions	**5**	00
6	Total available natural heritage preservation credit. Add line 4 and line 5	**6**	00
7	Enter the amount of credit claimed on your current tax return. This amount may be less than the amount on line 6, if your credit is more than your tax liability. See instructions	**7**	00
8	Credit carryover available for future years. Subtract line 7 from line 6	**8**	00

General Information

The California Personal Income Tax Law and Corporation Tax Law allows a nonrefundable credit for certain approved contributions of real property. This credit can be used by taxpayers against the net tax in an amount equal to 55% of the fair market value of a qualified contribution that has been approved for acceptance by the Wildlife Conservation Board (WCB).

The funding for the Natural Heritage Preservation Credit is available beginning January 1, 2005, until **June 30, 2008**.

Round Cents to Dollars – Round cents to the nearest whole dollar. For example, round $50.50 up to $51 or round $25.49 down to $25. If you do not round, the Franchise Tax Board (FTB) will disregard the cents. This helps process your return quickly and accurately.

A Purpose

Use form FTB 3503, Natural Heritage Preservation Credit, to figure the amount of the credit. Also, use this form to claim pass-through credits received from S corporations, estates or trusts, partnerships, or limited liability companies (LLCs) classified as partnerships.

S corporations, estates or trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3503 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. **Attach this form** to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through

credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568) Share of Income, Deductions, Credits, etc.

B Description

The WCB implemented a program for the protection of wildlife habitat, open space, and agricultural lands. Under this program, property can be contributed to the state, any local government, or to any nonprofit organization designated by a local government, based on specified criteria.

The credit is allowed against net tax, in an amount equal to 55% (.55) of the fair market value of any qualified contribution made by the taxpayer to the state, any local government, or any designated nonprofit organization.

C Qualifications

To qualify for this credit:

- Make a contribution of property as defined in Section 37002 of the Public Resources Code.
- The WCB approves the contribution for acceptance.
- **Attach** a copy of this completed form FTB 3503 to your California tax return.

For more information regarding qualified contributions, contact the WCB at 916.445.8448, or go to their website at **www.wcb.ca.gov**.

The credit of any qualified contribution passes through to partners, shareholders, beneficiaries, or members of the pass-through entity in accordance with their pro rata interest in the entity as of the date of the qualified contribution. The term "pass-through entity" means any partnership, S corporation, or LLC classified as a partnership.

D Limitations

No credit will be allowed unless you received a certificate from the WCB, which shows that your qualified contribution was approved for acceptance. You must retain the certificate and make it available to the Franchise Tax Board upon request. S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as a carryover. In addition, S corporations may pass through 100% of the credit to their shareholders.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation] the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

An SMLLC may be disregarded as an entity separate from its owner, and is subject to statutory provisions that recognize otherwise disregarded entities for certain purposes, for example:

*   The tax and fee of an LLC
*   The return filing requirements of an LLC
*   The credit limitations previously mentioned

Get Form 568, Limited Liability Company Tax Booklet, for more information.

If the disregarded entity reports a loss, the taxpayer may not claim the credit this year but can carry over the credit amount received from the disregarded entity to the next succeeding taxable year.

This credit cannot reduce the regular tax below the minimum franchise tax (corporations and S corporations), annual tax (limited partnerships, limited liability partnerships, and LLCs classified as a partnership), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

This credit can reduce regular tax below Tentative Minimum Tax (TMT). Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations, for more information.

This credit is in lieu of any other state tax credit or deduction that the taxpayer would otherwise be allowed for the contributed property or interest therein.

This credit is not refundable.

E Carryover

If the available credit exceeds the current year tax liability, the unused credit may be carried over to the following year and the succeeding seven years until the credit is exhausted. Apply the carryover to the earliest taxable year(s) possible. This credit cannot be carried back and applied against a prior year's tax.

Specific Line Instructions

Part I   Wildlife Conservation Board (WCB) Qualified Contribution

Enter the following information from the certificate you received from the WCB:

*   Name of donor
*   Type of property donated
*   Date donation was accepted
*   Approved fair market value amount
*   Project name
*   WCB ID #

If you have more than one qualified contribution, figure each contribution on a separate form FTB 3503.

Part II   Credit Computation

Line 5

Enter the carryover amount from your 2007 form FTB 3503.

Line 7

The amount of this credit that you may claim on your tax return may be limited. Refer to the credit instructions in your tax booklet for more information. The instructions also explain how to claim this credit on your tax return. Use credit code number **213** when you claim this credit.